U.S. SENATE COMMITTEE ON
Finance
SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN
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Grassley Announces Bill to Expand U.S. Farm Exports

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today announced he will introduce bipartisan legislation to give the United States a new means of increasing farm exports. The Grassley proposal creates a valuable enforcement tool against countries that unfairly block U.S. agricultural products.

"Our agricultural exports are strong, but they can be stronger," Grassley said. "Iowa and the rest of the United States feed much of the world, but we can feed more of the world. We can increase agricultural exports by continuing to sign new trade agreements and by enforcing existing trade agreements. The more enforcement options, the better. This bill adds a new weapon to the arsenal."

Grassley today will introduce the *United States Agricultural Products Market Access Act* with Sen. Max Baucus, ranking member of the Committee on Finance. House members are introducing a bipartisan companion bill. Many agricultural groups support the legislation, including the Iowa Farm Bureau Federation, the Iowa Corn Growers and the Iowa Soybean Association.

Grassley said the Bush administration is advancing new trade agreements and taking advantage of ground lost in the absence of Trade Promotion Authority. The new trade agreements are critical to increasing farm exports by opening new markets. However, the current tools available to the United States Trade Representative -- including negotiations by the trade representative's office, challenges under the North American Free Trade Agreement, and challenges via the World Trade Organization -- don't always accomplish the job, Grassley said.

For example, the United States' NAFTA-partner Mexico is imposing, or threatening to impose, barriers to imports of a wide variety of U.S. agricultural products. These products include corn, high fructose corn syrup, pork, beef, rice, apples, and dry beans. Iowa is a major producer of four of these products -- corn, high fructose corn syrup, pork, and beef. Despite U.S. efforts so far, Mexico's barriers and threatened new barriers remain.

Grassley's new legislation adds another mechanism for strengthening the enforcement of existing U.S. rights for access to foreign markets. The bill requires that the U.S. Trade Representative identify and report annually on those foreign countries that deny fair and equitable access to U.S. agricultural products. Through prioritizing the countries that impose the most barriers, U.S. negotiators will be better able to focus upon removing the most egregious of these barriers.

Grassley said agricultural exports are particularly important to Iowa farmers. In 2001, about $3.3 billion worth of Iowa's agricultural production was exported, making Iowa the second-largest agricultural exporting state in the country. Iowa's largest commodities – corn, soybeans, pork, and beef – greatly benefit from sales abroad. However, populations and disposable incomes are increasing rapidly in foreign countries, so major opportunities exist for new exports.

"With the hardest-working farmers and ranchers in the world, and with productivity increasing through improved technologies, the United States clearly has the ability to continue feeding a growing world," Grassley said. "American farmers should get the full benefit of our hard-fought trade deals. And the world's consumers should get the full benefit of America's safe, abundant food supply."

Following are:
(1) a statement on the bill's introduction
(2) a bill summary

Comments of Sen. Chuck Grassley
on the Introduction of the
United States Agricultural Products Market Access Act of 2003
Tuesday, June 24, 2003

Mr. President, I'm pleased to introduce today the *United States Agricultural Products Market Access Act of 2003*. This bill will be yet one more tool for the United States to use to expand its exports of agricultural products.

Agricultural exports are key to the economic health of rural America. Just last year, $53.1 billion worth of U.S.-produced agricultural products were exported. About one-third of America's farm products are sold outside of our borders. These sales in foreign markets translate to improved incomes for our country's farmers. Today, approximately one-fourth of gross farm income for U.S. producers comes from exports.

Agricultural exports are particularly important to farmers in my state of Iowa. In 2001, some $3.3 billion worth of Iowa's agricultural production was exported. This makes Iowa the second largest agricultural exporting state in the country. Iowa's largest commodities – corn, soybeans, pork, and beef – greatly benefit from sales abroad. Approximately one-half of U.S. soybean production, and 20 percent of our country's corn production, is exported. Last year U.S. pork exports set record levels. Since the implementation of the NAFTA, exports of U.S. beef and beef variety meats to Mexico have increased five-fold. Iowa's producers clearly benefit from exports.

While Iowa's agricultural exports are already high, they have the potential to grow even more in coming years. Demand in the U.S. market for agricultural products is relatively stable. But populations, as well as disposable incomes, are increasing rapidly in foreign countries. With the hardest-working farmers and ranchers in the world, and with productivity increasing through improved technologies, the United States clearly has the ability to continue feeding a growing world.

But trade barriers imposed by foreign governments often cloud this bright spot for U.S. agriculture. Too frequently, misguided foreign governments overlook the wants and needs of their consumers and take measures to restrict, or prevent, imports of U.S. farm products. These policies hurt U.S. farmers. They also hurt foreign consumers.

In fact, due in part to foreign trade barriers, U.S. agricultural exports declined from $60.4 billion in 1996 to $53.1 billion in 2002.

Unfortunately, even countries that should be our closest trade allies are proving adept at imposing measures that block imports of U.S. farm products. As an example, our NAFTA-partner Mexico is imposing, or threatening to impose, barriers to imports of a wide variety of U.S. agricultural products. These products include corn, high fructose corn syrup, pork, beef, rice, apples, and dry beans. Iowa is a major producer of four of these products -- corn, high fructose corn syrup, pork, and beef.

Not surprisingly, much of U.S. agriculture is upset with Mexico and other of our trading partners at this time. U.S. agricultural producers have traditionally been the strongest supporters of new trade deals. But due to foreign trade barriers, some in U.S. agriculture are beginning to question their support for new trade agreements.

The U.S. Trade Representative, in conjunction with Congress, is working hard to remove trade barriers imposed by Mexico and other countries. But the current tools available to the USTR, including negotiations, NAFTA challenges, and WTO challenges, don't always accomplish the job.

Let me give you an example. For several years now, Mexico has gone to great lengths to block imports of U.S.-produced high fructose corn syrup. In 1998, Mexico imposed antidumping duties on imports of this product from the United States. The United States challenged this antidumping order under the NAFTA. Mexico lost at the NAFTA. The United States challenged this order at the WTO. Mexico lost at the WTO. Following its defeats at the NAFTA and the WTO, Mexico revoked this antidumping order.

But, no, that wasn't the end of the story. Mexico turned around and imposed a 20 percent tax on sales of soft drinks containing high fructose corn syrup. This discriminatory tax was designed to boost sales of Mexican sugar at the expense of U.S.-produced high fructose corn syrup.

Mexico's tax in effect shut down the Mexican market for this product. Iowa's high fructose corn syrup producers are now being locked out of what was at one time their largest export market. This discriminatory tax is hurting Iowa's high fructose corn syrup producers. It's hurting Iowa's corn farmers. This example clearly demonstrates that existing tools aren't always enough to remove entrenched trade barriers. Despite losing at the NAFTA, despite losing at the WTO, and despite lengthy negotiations, Mexico is still blocking imports of U.S. high fructose corn syrup. It's time to add yet another tool to our arsenal.

That's why I'm introducing the *United States Agricultural Products Market Access Act of 2003*. This bill creates a new mechanism with which to confront foreign trade barriers. This new mechanism operates in a similar fashion to the existing special 301 provision for intellectual property. The bill requires USTR to identify and report on those foreign countries that deny fair and equitable market access for U.S. agricultural exports, or countries that apply to U.S. agricultural products sanitary or phytosanitary measures that are not based on sound science. USTR would annually issue a report on its findings.

Out of the countries identified in USTR's report, USTR would identify which ones have the most egregious practices impacting U.S. agricultural exports and, further, are not entering into good faith negotiations with the United States to end these practices.

This legislation also authorizes additional staffing for USTR to focus on these agricultural enforcement issues.

This bill will further strengthen the ability of the United States to enforce its existing market access rights for agricultural exports. Perhaps just as important, it will help Congress and the Administration prioritize barriers imposed by our trading partners. Through such prioritization, U.S. negotiators will be better able to focus upon removing the most egregious of these barriers.

The *United States Agricultural Products Market Access Act* will not solve all of our agricultural market access problems. We need to move ahead vigorously in bilateral and multilateral negotiations to tear down barriers to our exports. At the top of this list is successful completion of agricultural negotiations in the WTO. However, the *United States Agricultural Products Market Access Act of 2003* will help us identify the most egregious problems, so we can focus our energy on fixing them. It will also provide a new enforcement tool to help make sure American farmers are getting the benefit of our hard fought trade bargains.

This bill is strongly supported by Iowa's agricultural community, including the Iowa Corn Growers, the Iowa Farm Bureau Federation, and the Iowa Soybean Association.

I would like to thank my distinguished colleagues Senator Max Baucus, ranking member of the Finance Committee, and Representative Dave Camp for their hard work on this legislation.

Mr. President, I ask unanimous consent that the bill and this accompanying statement be printed in the Congressional Record.

UNITED STATES AGRICULTURAL PRODUCTS MARKET ACCESS ACT OF 2003

Background

- Since peaking in 1996, total U.S. agricultural exports have declined, and in 2002 were lower than in 1995.

- During the period 1997-2001, total agricultural exports from Iowa have declined and remain flat.

- In 2002, Iowa was the second leading exporter of agricultural products among the 50 states (in 2001, Iowa was third-largest).

Purpose of Bill

- There are two components of our efforts to expand U.S. agricultural exports: (1) the negotiation of free trade agreements as well as expanded market access measures within the WTO; and (2) the enforcement of existing market access rights for the United States in other countries.

- This bill adds another mechanism for strengthening the enforcement of our existing market access rights for agricultural exports.

- This bill will also help Congress and the Administration to prioritize the practices of our trading partners that deny fair and equitable market access to U.S. agricultural exports, and to focus upon the most egregious of these practices in our negotiations.

What the Bill Does

- The bill operates in a similar fashion to the existing special 301 provision for intellectual property.

- The bill requires USTR to identify and report on those foreign countries that deny fair and equitable market access to U.S. agricultural exports or that apply sanitary or phytosanitary standards for the importation of agricultural products that are not backed up by sound science. USTR's report will be issued annually.

    - Of those countries, USTR must also identify which countries have the most egregious practices that impact U.S. agricultural exports the greatest, and that are not entering into good faith negotiations with the United States to end these practices and provide fair and equitable market access to U.S. agricultural exports.

- The bill also authorizes additional staffing for USTR to focus on these agricultural enforcement issues.